ADVISORY BOARD ON TARIFF AND TAXATION

COAL and COKE

HAMILTON BY-PRODUCT COKE OVENS
LIMITED

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To The Advisory Board on Tariff and Taxation

BRIEF

Submitted on behalf of the Hamilton By-Product Coke Ovens, Limited, of Hamilton, Ontario, engaged in the manufacture of metallurgical and domestic coke for distribution in the central fuel area of Canada.

The Hamilton By-Product Coke Ovens, Limited, has $7,000,000.00 invested in a by-product coking plant at Hamilton, Ontario. Its major product is coke, which is sold in a highly competitive market against rejects from manufacturing operations outside of Canada, and it deserves, at least to some extent, the same protection as is accorded other Canadian Companies, whose products compete with the major products of these same foreign manufacturers. Coke from this plant is sold in competition with coke produced in plants located at:

Detroit, Michigan.
Toledo, Ohio.
Painsville, Ohio.
Youngstown, Ohio.
Erie, Pennsylvania.
Clairton, Pennsylvania.

The severity of this competition can be better understood when it is realized that only one of these competing plants operates commercial by product coke ovens, depending entirely on the sale of coke and by products for revenue. But in every case with one exception, operate coking plants as a part of their manufacturing operations, selling surplus coke or rejected sizes unsuitable for other manufacturing needs. These competing plants with their major products are listed below;

Detroit, Michigan, Ford Motor Co. Automobiles.

Detroit, Michigan, Semet Solvay, Alkali.
Toledo, Ohio, Toledo Furnace Company,—Pig Iron.
Painsville Ohio, Diamond Alkali Company,—Alkali.
Youngstown, Ohio, Republic Iron & Steel Company,—Iron and Steel.
Erie, Pennsylvania, Pickands-Mather Company,—Pig Iron.
Clairton, Pennsylvania, U. S. Steel Corporation.—Iron and Steel.
Buffalo, New York. Semet Solvay Company, Blast Furnace Coke.
Buffalo, New York, Donner Steel Company,—Iron and Steel.
Buffalo, New York, Bethlehem Steel Co.—Iron and Steel.

Of the ten companies above listed, seven operate blast furnace and steel plants and in accordance with steel plant practices screen out and reject all the smaller sizes of coke. Two other companies are producers of soda ash and caustic soda, and screen out and reject both the large and small sizes, using an intermediate size in lime kilns. The daily accumulation of these rejected sizes necessitates their disposition at whatever price will insure sale and removal. In each case, books are kept on some major product, such as pig iron, steel, automobiles, or soda ash, and the coke plants show neither profit nor loss.

The following tabulation sets forth high and low quotations of a number of these companies, which have prevailed during the current year, together with freight rates from the originating points to Hamilton, and the delivered Hamilton price.

		F.O.B.	Ovens	Frt. to	Delivered At Hamilton	
		(Min.)	(Max.)	Hamilton	(Min,)	(Max.)
Detroit, Mich.	Semet Solvay Co.	$5.00	$6.50	$2.00	$7.00	$8.50
Youngstown, Ohio.	Republic Iron & Steel Co.	$3.50	$4.00	$3.69	$7.10	$7.69
Clairton, Pa.	U. S. Steel Corp.	$2.00	$3.00	$4.58	$5.69	$6.69
Black Rock, N.Y.	Bethlehem Steel Co.	$4.75	$7.00	$1.30	$6.05	$7.30
Black Rock, N.Y.	Donner Steel Co.	$5.50	$7.00	$1.30	$6.80	$8.30
Black Rock, N.Y.	Semet Colvay Co.	$6.00	$7.00	$1.30	$7.30	$8.30

5.69 – 8.50

The construction of the Hamilton plant received the endorsement of the Dominion Government, tending as it did, to correct a condition so fully described by the Dominion Fuel Board in its publication entitled "DOMESTIC COKE AS A HOUSEHOLD FUEL IN CENTRAL CANADA," which describes Central Canada as the "critical fuel area." The Hamilton Company now finds the market price of its major product determined by competitive selling, which in many cases, barely escapes violation of the Canadian anti-dumping laws.

During the year 1927, the Hamilton Company coked nearly 300,000 tons of coal, and the average cost of this coal delivered at Hamilton was $5.88 including duty, which again places this strictly Canadian Company at a disadvantage as can be seen by the following comparison of delivered coal costs;

Detroit, Semet Solvay	$4.25
Detroit, Ford Motor Co.	3.79
Buffalo, Semet Solvay	4.17
Hamilton, Ont. (Hamilton By-Product Coke Ovens Limited) Average, including duty	5.88

At least two of the larger Steel Company plants namely, those of the U. S. Steel Corporation of Clairton, and the Bethlehem Steel Company of Johnston, Pa., deliver coal directly to their coke ovens at a much lower price,—the Clairton price delivered to the coke ovens being $1.50 per net ton, and the Bethlehem Steel Company at Johnstown, $1.60 per net ton.

Consideration of this problem makes it at once apparent that unless coals can continue to be purchased which will enable the Hamilton Company to market its coke profitably, in competition with the above listed unfairly competitive prices, it cannot survive. Not only is this Company faced with the problem of obtaining coal at a reasonable price, but of obtaining high priced coal which will make a coke superior to the competing cokes imported from other countries. In view of the fact that 67% of the cost of coals used by this Com-

pany in 1927 was freight, it can readily be seen that the most adjacent coal fields must be selected. Recently quoted freight rates from Canadian fuel areas indicate that there is no through rate from the Maritimes other than the existing rates from Springhill and adjacent mining centres, which total $6.20 per net ton to Hamilton, and from Alberta, the Western fuel area, the rate since September 1st is $12.00 per net ton—whereas the more adjacent coal fields, of Kentucky, West Virginia and Pennsylvania, can be reached with an all rail freight rate not exceeding $4.00 per net ton and a combined rail and water rate, varying from $3.64 to $3.79, depending upon the point of origination.

It should be noted that the Hamilton Coke Ovens were installed for the purpose of insuring all the inhabitants of the Central area of Canada, a dependable source of supply and of protecting them against the uncertainty of receiving an uninterrupted supply from the U. S. The steel and other manufacturing companies in that country merely wish to dispose of their surplus stocks of coke, which is a by-product from other manufactured products, and they do not in any way guarantee a dependable source of supply in case of any emergency arising in the United States.

The Hamilton Company favors the retention of at least the present duty and draw back for the following reasons:

1.—If the duty is removed, competition from domestic bituminous sizes will result.

2.—If the drawback is with-held, a handicap of 70 cents per ton of coke, will be imposed.

The Hamilton Company favors a duty on coke or more drastic anti dumping regulations for the following reason:

1.—Canadian Steel makers, automobile manufacturers and others are protected against the major products of the same

companies that sell coke in competition with the Hamilton Company, which has no protection against the selling of manufacturing rejects in the form of coke.

We request that at least the present duty and draw-back on coal be maintained, and that in addition, measures be taken to enable the Customs Department to more readily enforce the anti-dumping clauses. The protection which we ask for Central Canada is, we believe, consistent with the requests submitted by the interests from the West and East and should enable a policy to be worked out which will protect all those interested in the coke industry, from Alberta to Nova Scotia.

A. T. LEAVITT,
President.

Hamilton, Ontario.
November 10, 1928.

Tar
Motor benzol
Ammonium Sulphate

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